

Administration

The Bidvest Group Limited

Incorporated in the Republic of South Africa
Registration number: 1946/021180/06
ISIN: ZAE000117321
Share code: BVT

Group company secretary

Xoliswa Makasi

Auditors

Deloitte & Touche

Legal advisers

Baker & McKenzie
Edward Nathan Sonnenbergs
Werksmans Inc

Bankers

ABSA Bank Limited
FirstRand Group Limited
Investec Bank Limited
Nedbank Limited
The Standard Bank of South Africa Limited

Share transfer secretaries

Computershare Investor Services
Proprietary Limited
PO Box 61051
Marshalltown
2107
0861 100 950

Sponsor

Investec Bank Limited

Chief financial officer

Mark Steyn

Investor relations

Ilze Roux

Registered office

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South Africa

Bidvest



Audited Provisional
Financial Results
for the year ended 30 June 2018

2018



agenda

01 Introduction Lindsay Ralphs

02 Financial review Mark Steyn

03 Operational updates Lindsay Ralphs

04 Strategic overview and outlook Lindsay Ralphs

05 Appendices



01 introduction

Lindsay Ralphs
CE

Notes:



we are Bidvest

A strong 30-year track record of consistent delivery, returns and growth

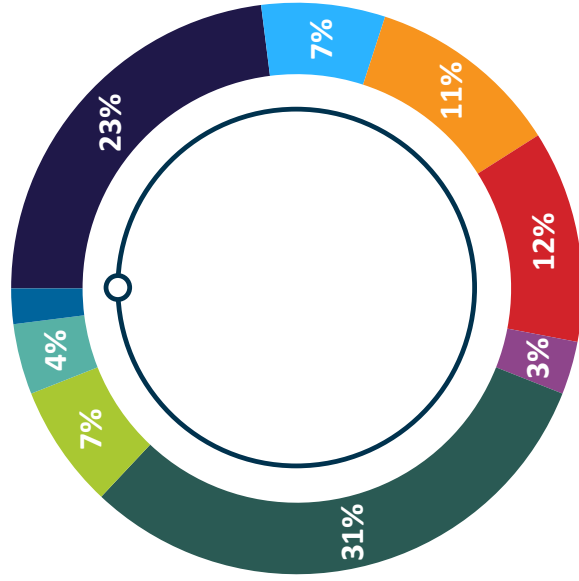
- A leading B-2-B services, wholesale and distribution group operating in the areas of commercial and industrial products, electrical products, financial services, freight management, office and print solutions, outsourced hard and soft services and automotive retailing
- Highly diversified portfolio spanning broad economic spheres:
 - › Services – 63% of trading profit
 - › Trading and distribution – 37% of trading profit
 - Strongly cash generative assets that are relatively capital light
 - Highly entrepreneurial and decentralised management teams supported by a small corporate office
 - Leading positions in our markets with a broad product offering
 - Strong “Proudly Bidvest” culture
 - Outperforming through the cycle
 - Embracing change through innovation



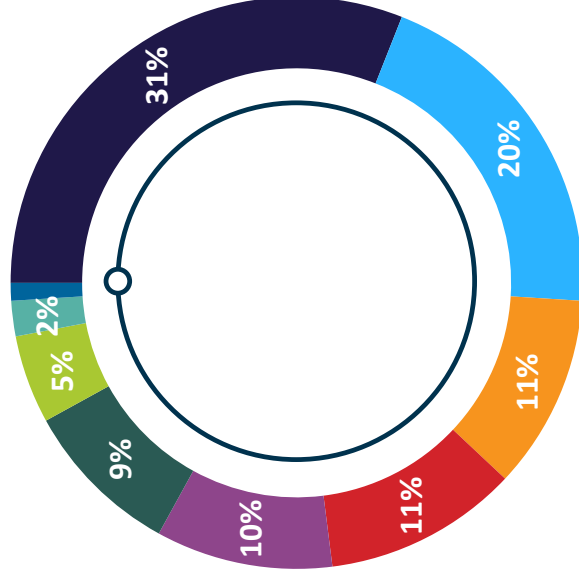
diversified portfolio

No one segment dominant in profit contribution

Contribution to revenue



Contribution to trading profit





our strategy and progress

Introduction

Maximise diverse portfolio	Maintain strong financial position	Invest capital for future growth	Stewardship
+8.2% trading profit despite limited economic activity, particularly in industrial and infrastructure sectors	Tight asset management	Internationalisation: Acquired Noonan for EUR175mn (effective Sep 2017)	Energy- and water-saving projects in Services, Electrical and Office & Print
Investment in liquid tanks facilitated greater volumes handled. Bumper agricultural volumes required operational agility	Debt burden low at 8x interest cover; 0.8x net debt/EBITDA	Invest in SA: Invested R295mn in multi-purpose tanks. R1bn FY18-20 in LPG tanks	Invested R602mn in training
Facilities management offering remained sought after	106% of trading profit converted into free cash	R306mn in bolt-on acquisitions: Acquired USS and various financial services and print related businesses	80% of businesses achieved between level 1-4 B-BBEE ratings
Product and services offering was broadened across most businesses	Ongoing discussions on non-core assets. Namibian fishing activities sold		Governance entrenched in our DNA, it is how we do business. Effective structures in place



highlights for the year

Introduction

▲ Normalised HEPS up by **12.5%** to **1 254.9 cents**, final DPS of **301 cents (+14.0%)**

▲ Revenue grew by **8.4%** to **R77.0 billion**

▲ Trading profit up **8.2%** to **R6.5 billion**

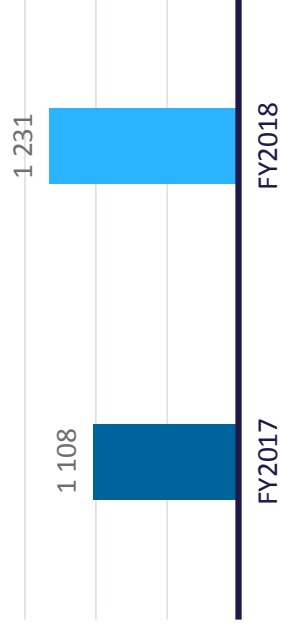
Excellent results from Freight and Services. Solid results from Office & Print and Properties. Commercial Products, Electrical and Financial Services performed in line with expectations

Strong operational cash generation of R9.4 billion, boosted by bank deposits

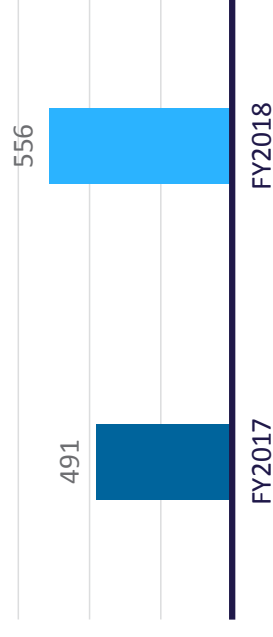
Exceptional balance sheet

Invested R500 million in SA infrastructure and a further R500 million to increase capacity across our businesses

HEPS (Cents per share)



DPS (Cents per share)





financial review

Mark Steyn
CFO

Notes:



Financial Review

	Year ended 30 June 2018	Year ended 30 June 2017	Change
R billion			
Revenue	77.0	71.0	8.4%
Gross profit*	28.9%	29.1%	↓
Expenses*	21.0%	21.3%	↓
EBITDA	8.2	7.7	6.5%
Trading profit	6.5	6.0	8.2%
Trading profit margin	8.5%	8.5%	-
Headline earnings	4.1	3.7	11.9%
HEPS (cents)	1 231.6	1 108.2	11.1%
DPS (cents)	556.0	491.0	13.2%
EBITDA interest cover (times)	8.0x	7.2x	↑
Net debt/EBITDA (times)	0.8x	0.7x	↓
Cash conversion**	106.4%	80.4%	↑
ROFE	22.9%	22.3%	↑

* As % of Revenue

** As a percentage of trading profit



income statement analysis

Financial Review

Revenue

- Revenue increase by 8.4% or R77 billion, flat organically
- Significant increase in Freight and Services revenue and decrease in Financial Services
- Trading operations grew revenue by 8.9%, Namibia declined by 10.9% and Properties grew by 8.8%

Gross income

- Gross margin declined slightly. The inclusion of lower margin Noonan and USS reset the overall margin lower
- Organic gross margin improved to 30% by 90bps

Expenses

- Operating expenses increased 7.1%
- Like-for-like expense growth well managed, only 3.4%
- The expense ratio improved from 21.3% to 21.0%

Trading profit

- Strong contributions from Services, boosted by Noonan acquisition, and Freight. Good contribution from the Office & Print and Properties
- Commercial Products and Financial Services contributed to growth
- Electrical, Automotive and Namibia delivered lower profits

Other costs

- Acquisition costs of R50 million relate mainly to Noonan and USS
- Amortisation of acquired customer contracts of R33 million

Net capital items

- R249 million reduction in fair value of associates, primarily Adcock Ingram and Comair
- Impairment of goodwill and other assets relating to disposal of fishing in Namibia and other businesses
- Insurance compensation for damaged Freight assets



income statement analysis

Net finance charges	<ul style="list-style-type: none"> ➤ 3.7% lower yoy despite Noonan and other bolt-on acquisitions ➤ Cumulative 50bps reduction in SA prime rate during the year. Offshore funding secured at favourable rates ➤ Conservative interest cover of 8x EBITDA
Associate income	<ul style="list-style-type: none"> ➤ Share of current period earnings increased by 21.7%, or R45 million to R424 million ➤ Both Adcock Ingram and Comair performed well
Taxation	<ul style="list-style-type: none"> ➤ Effective tax rate of 28.0% ➤ Statutory tax rate lower in offshore activities ➤ No tax shield on preference shares, MIAL m-t-m and acquisition costs
Non-controlling interest	<ul style="list-style-type: none"> ➤ Predominantly Namibia ➤ Reduced on disposal of Bidfish
HEPS	<ul style="list-style-type: none"> ➤ 11.1% growth despite tough trading conditions in SA and Namibia ➤ Organic growth of 8.0%
Dividend	<ul style="list-style-type: none"> ➤ Final dividend 301 cents, up 14.0%, bringing total dividend to 556 cents ➤ Cover ratio of 2.25x consistent with policy

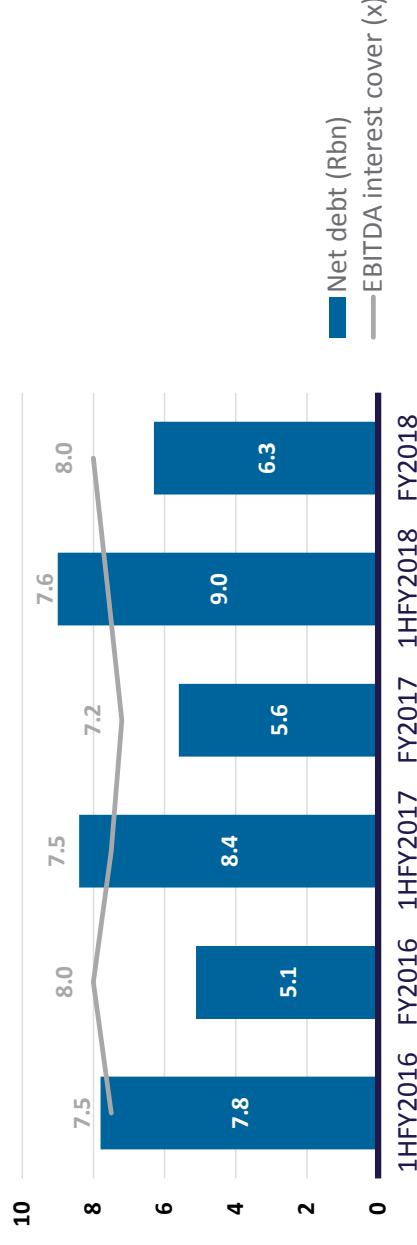


debt and funding

A conservative approach to gearing

- Net debt of R6.3 billion
- EBITDA interest cover of 8.0 times vs. 7.2 times in 2017
- Net debt/EBITDA 0.8 times
- 26% of net debt at fixed rates
- 57% of gross debt long-term
- Ample headroom to fund organic or acquisitive expansion

Interest cover



Moody's Investors Service credit rating

The Bidvest Group Limited

National scale

Global scale

Aa1.za (unchanged)

Baa3 (unchanged)

P-1.za (unchanged)

P-3 (unchanged)

Outlook

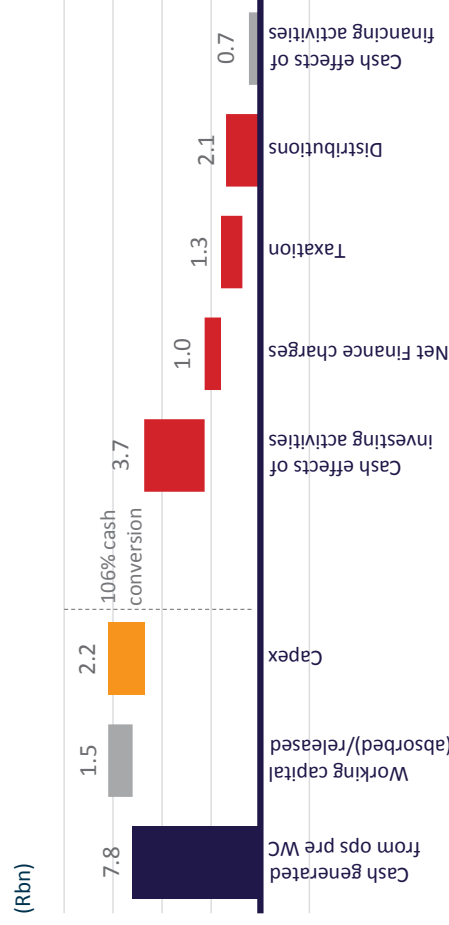
Stable (upgraded)

Stable (upgraded)

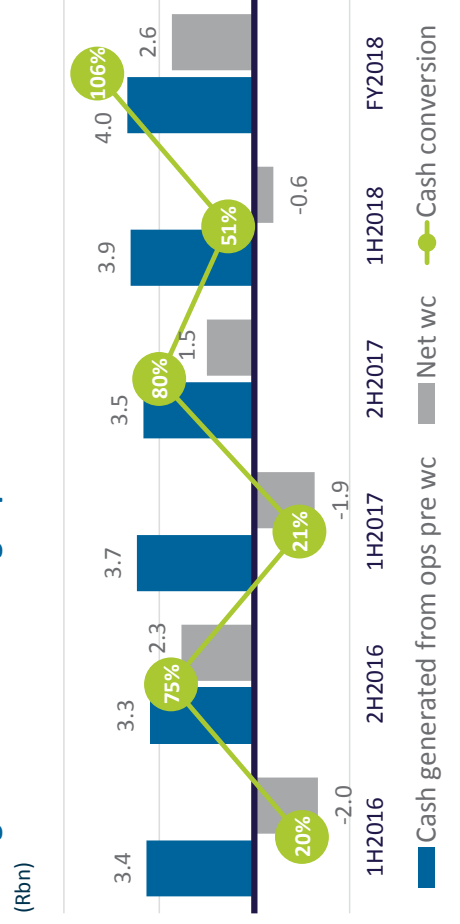
cash flow

Cash generative businesses that are capital light

Free cash flow



Cash generated vs working capital



- Cash conversion 106.4% (2017: 80.4%)
- Working capital released of R1.5 billion (2017: R368 million absorbed). Non-financial services' cash conversion improved and Bidvest Bank raised additional deposits of R1.2 billion
- Capex spend continues in SA



03 operational updates

Lindsay Ralphs
CE

Notes:

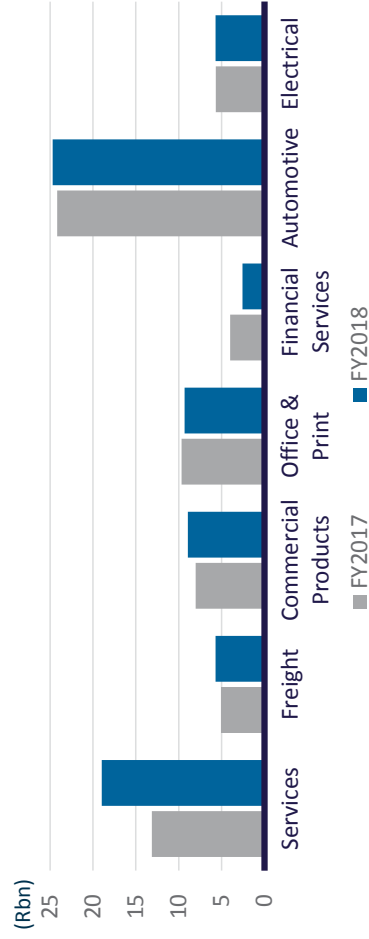


trading operations

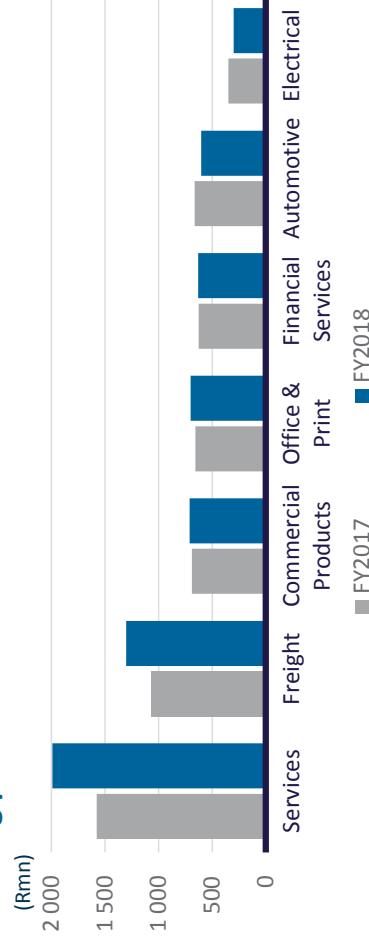
Operational Updates

	Year ended 30 June 2018	Year ended 30 June 2017	Change
R million			
Revenue	75 866	69 680	8.9%
Trading profit	6 241	5 632	10.8%
Trading margin	8.2%	8.1%	↑
EBITDA	7 764	7 124	9.0%
Average Funds Employed	18 769	17 562	6.9%
ROFE	33.1%	32.3%	↑

Revenue



Trading profit





Services | CEO: Alan Fainman

Operational Updates

R million	Year ended 30 June 2018	Year ended 30 June 2017	Change
Revenue	18 968	13 138	44.4%
Trading profit	1 992	1 577	26.3%
Trading margin	10.5%	12.0%	↓
EBITDA	2 484	2 000	24.2%
Average Funds Employed	2 375	2 060	15.3%
ROFE	83.9%	76.8%	↑

- SA annuity-type businesses performed strongly. Excellent results were delivered by Facilities Management, Steiner, BidAir, Allied Services and Protea Coin. Insourcing and margin pressure remain the key challenges. Management is responding with innovation and a focus on costs
- Travel results continued to decline. Fees and rebate rates were lower. Management focus was on rolling out technology to drive efficiencies and make the business more flexible
- Noonan, including USS, delivered in line with expectations but reset the divisional margin lower. Pleasing new business secured
- Organic trading profit growth was 8.3%. Cash generation was very good and funds employed very well managed
- Acquisitions are being explored



Freight | CEO: Anthony Dawe

Operational Updates

R million	Year ended 30 June 2018	Year ended 30 June 2017	Change
Revenue	5 713	4 987	14.6%
Trading profit	1 304	1 070	21.8%
Trading margin	22.8%	21.5%	↑
EBITDA	1 603	1 344	19.3%
Average Funds Employed	2 567	2 068	24.1%
ROFE	49.5%	53.0%	↓

- A record result
- Exceptional volumes of grain imports and exports handled. Liquid volumes boosted by investment in tanks over past two years
- New customer contracts were secured in BPL, resulting in a better 2H. Airfreight volumes remained soft
- Significantly reduced project related work
- Annuity-income represents 35% of trading profit
- 11 of the 17 multi-purpose tanks were commissioned. LPG project on track for 2020 completion



Commercial Products | CEO: Howard Greenstein

Operational Updates

R million	Year ended 30 June 2018	Year ended 30 June 2017	Change
Revenue	8 920	8 025	11.2%
Trading profit	710	689	3.2%
Trading margin	8.0%	8.6%	↓
EBITDA	816	769	6.2%
Average Funds Employed	2 513	2 251	11.6%
ROFE	28.3%	30.7%	↓

- A mixed result overall. Industrial products represent two-thirds of divisional profit
- Excellent results from Berzacks, Plumbink, Bidvest Materials Handling, Academy Brushware and Vulcan. Disappointing results from Afcom, Buffalo Tapes, Renttech and Yamaha
- Despite pedestrian demand, industrial businesses grew due to wider product ranges, margin management and remaining relevant to customers
- Consumer businesses faced pricing pressure and weak demand, especially in discretionary spend categories. Home of Living Brands had a much improved 2H
- Delayed industrial projects and depressed manufacturing and construction sectors contributed to disappointing Renttech and Matus results



Office & Print | CEO: Kevin Wakeford

Operational Updates

R million	Year ended 30 June 2018	Year ended 30 June 2017	Change
Revenue	9 305	9 671	(3.8%)
Trading profit	701	658	6.5%
Trading margin	7.5%	6.8%	↑
EBITDA	839	786	6.8%
Average Funds Employed	2 090	2 354	(11.2%)
ROFE	33.5%	27.9%	↑

- Particularly pleasing trading result, backed by exceptional asset management and cash generation
- Further contraction in the office products market, the non recurrence of voter registration business, pricing pressure in packaging and the closure of Zonke in 2H weighed on revenue
- The multitude of actions taken to mitigate tough trading conditions and simplify the businesses manifested in higher margins and returns
- Konica Minolta, Silveray, Kolok and Cecil Nurse delivered excellent results



Financial Services | CEO: Japie van Niekerk

Operational Updates

	Year ended 30 June 2018	Year ended 30 June 2017	Change
R million			
Revenue	2 563	4 009	(36.1%)
Trading profit	632	625	1.0%
Trading margin	24.7%	15.6%	↑
EBITDA	867	872	(0.6%)
Average Funds Employed	3 417	3 191	7.1%
ROFE	18.5%	19.6%	↓

- Financial Services consists of Bidvest Bank, Bidvest Insurance, Bidvest Life and various other financial services
- Revenue declined mainly due to non-recurrence of major contract. Despite a healthy fleet contract pipeline, none were converted due to slow decision making in the public sector
- Bidvest Insurance focused on core product lines and profitability while Bidvest Life grew strongly causing new business drag
- The financial services offering was broadened via bolt-on acquisitions
- Improved investment portfolio contribution



Automotive | CEO: Steve Keys

Operational Updates

R million	Year ended 30 June 2018	Year ended 30 June 2017	Change
Revenue	24 702	24 182	2.1%
Trading profit	602	663	(9.2%)
Trading margin	2.4%	2.7%	↓
EBITDA	813	956	(15.0%)
Average Funds Employed	3 867	3 845	0.6%
ROFE	15.6%	17.3%	↓

- A disappointing result due to very poor Bidvest Car Rental result
- Bidvest McCarthy outperformed the industry on the sale of new vehicles. Used vehicle market softened in 2H
- Model launches in entry level segment supported retail operations
- Margins were under pressure, particularly in the luxury segment, where Bidvest holds leading market share positions
- The aftermarket segment held its own as the car parc under warrantee & service plans shrunk
- Car rental leases extended for two years



Electrical | CEO: Stan Green

Operational Updates

R million	Year ended 30 June 2018	Year ended 30 June 2017	Change
Revenue	5 695	5 667	0.5%
Trading profit	300	350	(14.3%)
Trading margin	5.3%	6.2%	↓
EBITDA	341	395	(13.8%)
Average Funds Employed	1 941	1 792	8.3%
ROFE	15.5%	19.5%	↓

- A commendable performance considering the very poor market conditions and dearth of renewable energy projects
- Voltex held its own despite fierce competitive pressure, project-type business was depressed while the value-added operations delivered respectable results
- Strain in the debtor book is evident and continues to receive focused attention
- Initiatives to improve efficiencies and consolidate the solutions activities are underway



Corporate

Operational Updates

	Year ended 30 June 2018	Year ended 30 June 2017	Change
R million			
Revenue	1 577	1 592	(0.9%)
Trading profit	193	298	(35.3%)
Trading margin	12.2%	18.7%	↓

- Corporate comprises Bidvest Properties, material associates and other investments
- Bidvest Properties performed well (trading profit + 11.0%) and continue to be of strategic importance to the Group
- Ontime and Mansfield, in the UK, delivered the long-awaited turnaround to profitability. These will be reported in Freight from FY19
- Negative mark-to-market adjustment on Bidcorp and an unchanged USD MIAL valuation
- Rand weakened against major currencies



Namibia | CEO: Sebby Kankondi

Operational Updates

R million	Year ended 30 June 2018	Year ended 30 June 2017	Change
Revenue	3 381	3 795	(10.9%)
Trading profit	75	86	(12.9%)
Trading margin	2.2%	2.3%	↓
EBITDA	147	172	(14.6%)
Average Funds Employed	1 549	1 722	(10.1%)
ROFE	5.4%	5.6%	↓

- Disappointing result
- Bidfish was sold at NAV, effective 30 June 2018. The balance of the fishing assets in the process of being sold
- Revenue declined across all divisions and most reported lower trading profits. Food and Distribution reported losses
- Recessionary environment in Namibia and the virtual collapse of the fishing industry plagued results



04 strategic overview and outlook

Lindsay Ralphs
CE

Notes:



strategic overview and outlook

Strategic Overview and Outlook

Operational outlook

- Expect lacklustre economic growth and consumer demand until national elections
- Positive steps taken to clean up corruption flowing through to daily business interactions
- Need government to initiate infrastructural programmes to kick-start the economy
- Black economic empowerment policy and legislation need to align and settle
- Pockets of opportunities and activity exist. Bidvest will capitalise on these

Maximise diverse portfolio

- Seven core, well managed divisions with core competencies and drivers firmly intact
- Cash generative
- Continuously broadening and innovating our product and service offering

Maintain strong financial position

- Excellent asset management. Debtors book clean and stock well managed
- Low levels of debt (0.8x EBITDA) allows for significant headroom
- Monetise non-core assets in a responsible manner

Allocate capital to growth

- Local acquisitions will continue
- Bolt-on opportunities attractive. Expect to close some soon
- Continuously evaluate niche international acquisitions in services and distribution of everyday-essential products
- Invest in annuity-type projects in SA
- Unwavering disciplined approach



05 appendices



Notes:



- FM Services performed strongly with further improvement in margin. Facilities Management delivered an excellent result with several new bundled contracts won. In a very competitive market contracts were won and lost
- Security Services delivered a solid result. Margin pressure, particularly in guarding and mining, is a reality. Specialised businesses delivered good results
- BidAir's lounges and cargo activities delivered very strong results. The ground handling tender has been recalled
- Travel Services had a difficult year but management remain confident in the business improvement plan
- Allied Services had a strong year with Pureau and Execufloora the star performers
- Noonan refreshed its business structure, achieved the anticipated US\$ synergies and secured new business

Outlook for FY19

- Margin management will remain a key focus area
- Delivering value to customers is core to our offering and should again stand us in good stead
- Acquisitions are being explored
- Learnings between Noonan and SA will be implemented



- BTT benefitted from increased tank capacity. Richards Bay showed particularly good growth on the back of the recent investments
- SABT handled significant maize and wheat volumes. The operating leverage together with well controlled costs resulted in a very strong performance
- Despite operational challenges caused by several incidents, BC delivered a pleasing result. Chrome and manganese remain the key commodities handled
- SACD had a fantastic year, mainly due to good cargo and container volumes and customs inspections in Durban. Costs were well controlled
- BPO struggled given less project work while BPL benefitted from new contracts, particularly in warehousing
- Naval benefitted from higher commodity export volumes

Outlook for FY19

- Maize exports look set to continue until the end of the year. Drought conditions in the Western Cape have eased somewhat. This is key for wheat supply
- Loss of sub-contracted work in Maputo will negatively impact Naval
- Annualisation of the new multi-purpose tank capacity should support growth
- Investment in infrastructure to continue



Commercial Products

Appendices

- Difficult trading environment and little consumer confidence
- Further investments were made into facilities, product ranges and sales forces to drive business
- The revised Yamaha strategy is on track and the first Yamaha retail store purchased
- Home of Living Brands had a much improved second half
- The lack of project income in Renttech depressed results notably
- Management remains confident that restructuring at Matus will yield benefit

Outlook for FY19

- Product focus and margin management remain key focus areas, particularly given currency volatility
- Business models are reviewed continuously to secure relevance
- Investment in garment manufacturing capacity at G Fox is expected to drive growth



Office & Print

Appendices

- Competitive pressure and lower demand were felt particularly in Office Products. Despite this, remedial action and good business acumen delivered pleasing profit growth
- Konica Minolta delivered a record result. New contracts were secured and gross margin improved materially
- Data, Print & Packaging held its own assisted by good bolt-on acquisitions. Lithotech delivered a resilient result, Data enjoyed benefits from consolidating its Johannesburg operations while the packaging activities faced challenging trading conditions in terms of volumes and pricing in certain segments
- Furniture had an excellent year
- Zonke contract handover had an impact on divisional results in 2H

Outlook for FY19

- Konica Minolta submitted its bid for the Treasury contract
- Current plans to simplify the businesses will continue
- Tough trading conditions are expected to continue, aggravated by currency volatility



Financial Services

Appendices

- Revenue declined in Bidvest Bank due to the non recurrence of a short-term fleet contract and the continued Transnet fleet roll-off. Business Banking grew in trade finance, acquiring and treasury services
- Bidvest Bank deposits grew 27% to R5.7bn, loans & advances 13% to R2.4bn and leased assets declined marginally
- Bidvest Insurance focused on writing profitable business and manage claims better
- Bidvest Life continued on its strong growth path with a unique product. The growth in embedded value caused a drag on profitability, in line with expectations
- Compendium reported another strong result
- Fin Global acquired during the year and delivered good results

Outlook for FY19

- Tenders and deals for sizeable leased fleets delayed. Timing uncertain
- Transnet contract expected to run-off due to new Tender becoming effective during the financial year
- Business banking and recently onboarded treasury services and merchant acquiring clients should drive growth
- Bidvest Insurance are pursuing new channels and products
- Bidvest Life is expected to turn profitable



- Bidvest McCarthy sold 8.8% more new vehicles (industry +1.8%) and 5.3% fewer used vehicles
- Profit at luxury brand dealers contracted significantly while volume brand dealers held their own
- Service revenue grew but parts volumes were lower
- Bidvest Car Rental rate per day +1.7%, rental days -4.1% and lower fleet utilisation

Outlook for FY19

- NAAMSA lowered new vehicle sales forecast for 2018 into negative growth
- Management will focus on driving down the cost and asset base
- Bidvest Car Rental systems and fleet size are receiving attention



- Activity in the construction and infrastructure sectors continue to decline. Several customers either under business rescue or experiencing significant liquidity constraints
- The 100bps decline in margin was a function of a slightly lower gross margin and negative business mix given less project-type work
- MVLV and Cabstrut delivered excellent results while Electech and the lighting businesses had a lower year
- Working capital management was good considering the trading environment

Outlook for FY19

- Industry outlook remains uncertain
- Margin, working capital and expense management will remain key focus areas
- Benefits are expected from investments made

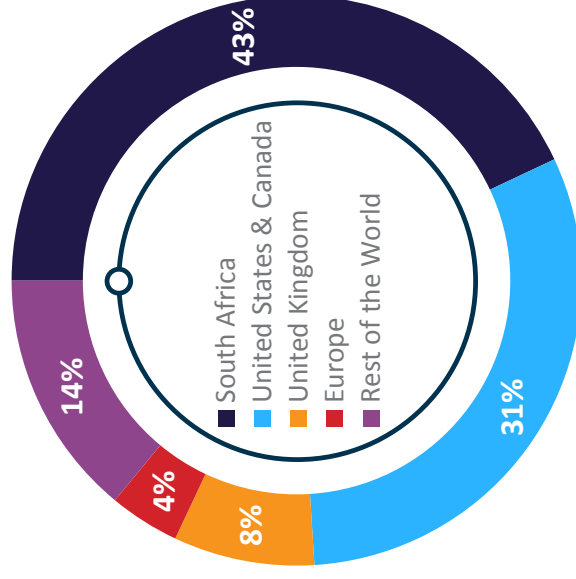


Shareholders

Investment management shareholding

Investment manager	Shareholding	%
PIC	47 694 593	14.1%
Lazard Asset Management LLC	24 092 058	7.1%
GIC Asset Management	18 461 829	5.5%
J.P. Morgan Asset Management	17 051 771	5.1%
BlackRock Inc	14 058 164	4.2%
The Vanguard Group Inc	12 324 163	3.7%

Geographic spread of shareholders



Bidvest



HOMEGROWN
ENTREPRENEURSHIP

Audited provisional
financial results
for the year ended 30 June

2018



Salient **features**

Trading profit
up 8.2% to

R6.5 billion

Five of the seven divisions
grew trading profit despite
challenging economic conditions

Strong earnings growth
in associate companies

Headline earnings
increased by 11.9% to

R4.1 billion

HEPS
increased by 11.1% to

1 231.6 cents

Normalised HEPS
increased by

12.5%

Strong balance sheet maintained
with conservative gearing

Cash conversion of
106%

Continued strong investment in
South Africa with

R3.7 billion

spent on acquisitions

Final dividend declared of

301 cents

per share, up 14%

Invested R602 million in training

80% of businesses achieved
between level 1 – 4

B-BBEE ratings



Key financial statistics

for the year ended 30 June 2018

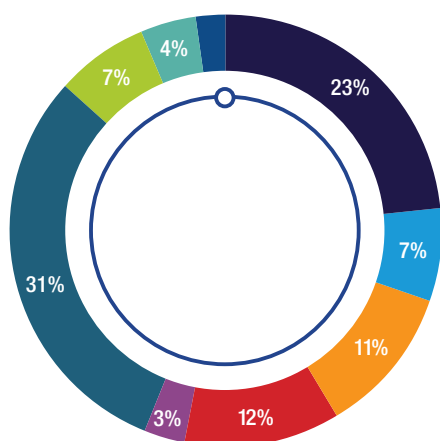
		2018	2017	% Change
Revenue	R billion	77.0	71.0	8.4
Gross profit margin ¹	%	28.9	29.1	
Operating expenses ratio ¹	%	21.0	21.3	
EBITDA	R billion	8.2	7.7	6.5
Trading result (excluding investment income)	R billion	6.4	5.8	9.6
Trading profit	R billion	6.5	6.0	8.2
Trading profit margin	%	8.5	8.5	
Basic earnings	R billion	3.8	4.8	(20.0)
Headline earnings	R billion	4.1	3.7	11.9
EPS	cents	1 137.3	1 430.3	(20.5)
Normalised HEPS ³	cents	1 254.9	1 115.4	12.5
HEPS	cents	1 231.6	1 108.2	11.1
DPS	cents	556.0	491.0	13.2
EBITDA interest cover	times	8.0	7.2	
Net debt EBITDA	times	0.8	0.7	
Long-term portion of gross debt	%	57.1	50.5	
Average funds employed	R billion	30.3	28.6	6.1
Average return on funds employed (ROFE)	%	22.9	22.3	
Cash conversion ²	%	106.4	80.4	
Weighted number of shares	million	335.7	333.5	0.7

¹ As percentage of revenue.

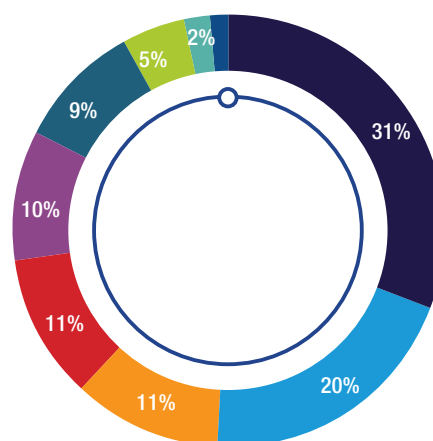
² As percentage of trading profit.

³ Normalised headline earnings per share excludes acquisition costs and amortisation of acquired customer contracts.

Contribution to revenue



Contribution to trading profit





Message to **shareholders**

Introduction

Bidvest is a leading business-to-business trading, distribution and services group, operating through seven divisions: Services, Freight, Automotive, Office and Print, Commercial Products, Financial Services and Electrical. The Group owns 52.0% of Bidvest Namibia and a significant Bidvest property portfolio, occupied largely by Bidvest companies. Bidvest continues to hold investments in Adcock Ingram (38.5%), Comair (27.2%) and Mumbai Airport (6.75%), as well as other listed and unlisted investments.

Highlights

Bidvest delivered a strong result in a volatile market characterised by weak economic growth and consumer spend, as well as significant business and political uncertainty. The value of a diversified portfolio and the quality of the underlying businesses continues to manifest in the performance of the South African trading operations. Five of Bidvest's seven divisions, as well as Bidvest Properties, delivered growth in trading profit. Exceptional cost and capital disciplines, as well as good cash generation, were highlights against a volatile trading backdrop.

The trading operations delivered an improved result with trading profit increasing by 10.8% against revenue growth of 8.9%. The results were bolstered by a strong focus on clients and solutions, as well as the successful maiden offshore acquisitions of Noonan (effective September 2017) and Ultimate Security Services (USS) (effective October 2017) in the Services division and smaller bolt-on acquisitions in the Office and Print and Financial Services divisions. Bidvest Namibia continued to be impacted by a virtual collapse of the fishing industry and a recessionary macroeconomic environment in that country. The fishing operations have been sold. Bidvest Corporate benefited from a strong performance in the property division, a turnaround in the UK operations of Mansfield and Ontime and mark-to-market fair value adjustments on its various investments.

Strong profitability gains were achieved at Adcock Ingram and Comair, which increased Bidvest's share of profits from these associate companies. The profitability did not translate into higher market values for these investments.

Bidvest's headline earnings per share (HEPS) increased by 11.1% to 1 231.6 cents (2017: 1 108.2 cents). Normalised HEPS (HEPS excluding acquisition costs and amortisation of acquired customer contracts), a metric used by management to assess the underlying business performance, grew by 12.5%. The Group declared a final dividend of 301 cents per share, bringing the total dividend for the year to 556 cents, up 13.2%.

Message to **shareholders** continued

Financial overview

Group revenue increased by 8.4% to R77.0 billion (2017: R71.0 billion), with R5.2 billion of the increase attributable to the acquired international services businesses. On a comparable basis, revenue was flat.

Gross profit margin was broadly stable at 28.9% (2017: 29.1%). The inclusion of the lower margin Noonan reset the overall margin lower. The distribution-type businesses maintained margin, despite input cost volatility and fierce competition.

Operating expenses increased by 7.1%. Continued, strong focus on cost containment increased like-for-like expenses by a modest 3.4%.

The trading result was higher by 9.6%. Freight delivered a record result on higher volumes handled through South Africa's ports. Office and Print's result was particularly pleasing given the structural decline in the industry and a significant contract handed over to a new operator. A good organic result was delivered by Services while the Commercial Products division posted a mixed result. Financial Services faced the headwinds of fleet contracts rolling off. The Electrical division, while not growing profits, managed to perform ahead of a very challenging market. Automotive results were disappointing mainly due to Bidvest Car Rental and Bidvest Namibia again suffered a decline. Acquisitions performed to expectation.

Income from investments decreased by R68.0 million to R142.8 million. This was the result of a range of realised and unrealised gains and losses during the year in both the listed and unlisted investments. The insurance investment portfolio yielded strong growth.

Group trading profit grew 8.2% to R6.5 billion (2017: R6.0 billion), with a stable trading margin of 8.5%.

Net capital items contributed losses of R352.0 million in 2018, relative to profits of R1.0 billion in the prior year. This included net negative adjustments of R248.7 million to the investment values of mainly Adcock Ingram and Comair compared to positive adjustments of R1.2 billion for the 2017 financial year. The balance of the charge relates to the insurance receipts on damaged Freight assets as well as the losses on the disposal and closure of businesses, including the fishing operations in Namibia.

Net finance charges were 3.7% lower at R1.0 billion (2017: R1.1 billion). Good operational cash generation offset the additional borrowing to fund acquisitions. There was also a cumulative 50-basis point reduction in the South African prime lending rate. The Group's average cost of funding is now 6.7%.

Share of profit from associates increased by 11.7%, due to the substantially improved performances in Adcock Ingram and Comair.

Bidvest's headline earnings increased by 11.9% to R4.1 billion (2017: R3.7 billion) and HEPS by 11.1% to 1 231.6 cents per share, due to the increased number of weighted average shares in issue. Organic HEPS growth was 8.0%. Basic earnings per share decreased by 20.5% to 1 137.3 cents (2017: 1 430.3 cents) mainly due to the contraction in the share prices of our associates compared to material share price increases in the prior year.

Bidvest continues to maintain a conservative approach to gearing and net debt levels are considered acceptable at R6.3 billion (2017: R5.6 billion). A stable net debt to EBITDA metric at 0.8 times (2017: 0.7 times) and EBITDA interest cover of 8.0 times (2017: 7.2 times), are both comfortably above the Group's conservative targets, providing ample capacity for further expansion.

Message to **shareholders** continued

Cash generated by operations at R9.4 billion was higher than the R6.9 billion generated in the prior year. The Group released R1.5 billion of working capital in the current year compared to an absorption of R368 million in the prior year. Non-financial services had strong and improved cash conversion and Bidvest Bank was successful in raising deposits.

Return on funds employed (ROFE) improved from 22.3% to 22.9% as asset management remains a core focus, particularly in these challenging times.

Corporate action

Bidvest's EUR175 million acquisition of Noonan became effective 1 September 2017. The bolt-on acquisition of USS followed shortly thereafter. Both these businesses traded in line with expectations.

The Group also concluded bolt-on acquisitions in Office and Print and Financial Services. Several opportunities were assessed during the year, some of which are still being considered. We remain steadfast in our disciplines when evaluating and responding to opportunities. Buying into the wrong business and management team or the right business at the wrong price is not in the best interest of our stakeholders.

Over the last year, Bidvest's divisional management critically evaluated all businesses and discontinued various smaller operations in a portfolio clean-up exercise. The fishing and related operations in Namibia were sold. Security businesses in West-Africa and the Middle-east were sold, Zonke was closed after the national contract for the monitoring of limited pay-out machines was handed over to a new operator and some industrial service businesses exited.

Management remains committed to the disposal of non-core assets, but only at fair value.

Prospects

The core competencies and drivers of Bidvest remain firmly intact and we expect that continued growth will be achieved. There is, however, an expectation that economic growth and a return to more robust consumer spending in the current financial year will be lacklustre until policy and political certainty emerges post the national election in 2019. The main concern remains government's ability to drive infrastructural spending and the ongoing maintenance at certain key entities and facilities. It is incumbent on the State to initiate larger programmes of development to kick-start the South African economy.

Bidvest is actively advancing its various infrastructural development projects, specifically in liquid gas storage. Pockets of activity and opportunities exist across the economy and the Group will participate in these. The overall projection is for continued growth in trading profit, cash generation and the dividend.

Sufficient headroom exists to advance the Group's strategy of growth in its existing markets, as well as continuing to acquire divisional bolt-on businesses, and to pursue larger, value adding opportunities locally. Internationally, we target expansion in the chosen niche areas of Services and Commercial Products.

On November 1st, we will be celebrating Bidvest's 30th birthday. Since formation, the objective has been to invest in South African trading, services and distribution businesses and deliver above-average shareholder returns on an annual basis. Through the ups and downs of economic life, the Bidvest people have transformed a group of homegrown South African businesses into industry leaders. This is South African resolve at its best and has served stakeholders well. We remain committed to this course whilst being Proudly Bidvest and proudly South African.

Message to **shareholders** continued

Divisional review

Services

This is a large and diverse division operating in numerous areas of service. Trading profit rose by 26.3% to R2.0 billion. The South African businesses delivered an increase of 8.3% in trading profit. The offshore businesses, Noonan and USS, performed in line with expectations with good volumes of new business secured in the last quarter. The core annuity income businesses delivered good results with a strong performance from Facilities Management, BidAir, Allied Services, Steiner and Protea Coin. Both Protea Coin and Prestige have noted some insourcing and margin pressures, signs of the challenging economy. Management is responding with a sharp focus on expenses and service innovation. Our travel cluster had another tough year of lower rebate rates and numerous system changes. The project-based industrial business, TMS, had a poor year and the potential sale of the business is being negotiated.

Freight

The Freight division had an excellent performance with trading profit up 21.8% on revenue growth of 14.6%. Higher agricultural, bulk commodity and liquid volumes drove greater utilisation and therefore operating leverage. The investment in liquid fuel and multi-purpose tanks during 2017 and 2018 contributed to the growth. Grain import and export volumes were exceptional and mineral export flow was steady. Despite three debilitating incidents to berths and equipment, Bulk Connections performed well. Airfreight volumes remained depressed. Bidvest Panalpina Logistics (BPL) secured new contracts which resulted in a better second half. Project related work was significantly reduced in BPL and Bidfreight Port Operations. ROFE remains healthy despite considerable long-dated capital expenditure in Bidvest Tank Terminals.

Commercial Products

The division produced a satisfactory result with an increase in revenue of 11.2% and a resultant trading profit increase of 3.2%. The results include twelve months' trading from Brandcorp vs nine months in the prior year. Excluding Brandcorp, revenue increased by 5.9% and trading profit by a commendable 7.8%, in a tough trading environment. Industrial activities represent approximately two-thirds of the trading profit. Excellent results were achieved by Berzacks, Plumbink, Bidvest Materials Handling (BMH), Academy Brushware and Vulcan. Yamaha operated in a constrained consumer environment and Renttech's trading profit was significantly down due to reduced project work. Whilst pricing pressure in the consumer division was relentless, much work was done on sourcing and price relevance in the market place which ensured the trading margin within the consumer business was steady. Capex was spent within the industrial businesses to ensure future growth prospects would be met and will also result in efficiencies going forward.

Office and Print

Revenue declined by 3.8% while trading profit grew by 6.5%. Year-on-year comparisons are distorted by the non-recurrence of the Tanzanian voter registration project, the closure of Zonke in December 2017 and the net result of some corporate action. Pressure on the top line was evident, particularly, in office products. Initiatives to simplify businesses, improve efficiencies and tight cost control were the main contributors to this very pleasing result. Konica Minolta had a record year while data, print and packaging held its own despite no election work, ongoing migration from print to post to electronic products and pricing pressure in packaging. After a slow start, Kolok finished the year stronger and Silveray delivered a good result, driven by innovation and further factory efficiencies. Tough trading conditions continued at Waltons but ongoing management actions are bearing fruit. Cecil Nurse delivered another good result. Operating cash generation and asset management was excellent.

Message to **shareholders** continued

Financial Services

Bidvest Bank and the Insurance cluster reported a flat result with trading profit up by 1.0%. Fleet contract roll-off, the termination of a major short-term rental contract and the negative new business drag from the fast growing life insurance activities were material headwinds to both revenue and trading profit. The investment portfolio performed strongly.

No big public sector fleet contracts were secured during the year despite a promising pipeline as decision-making was postponed. Merchant acquiring, business banking, trade finance and treasury related businesses delivered growth. The Bank's corporate advances increased by 13% and deposits grew by 27%. The leased assets declined by 1%. The Bank also delivered improvements in key banking ratios, with the Credit Loss ratio improving by 40 basis points to negative 0.2%, the Capital Adequacy ratio increasing by 70 basis points to 20.7% and the Net Stable Funding ratio improving from 102% to 141%. The cost to income ratio deteriorated somewhat to 64.9%.

Bidvest Insurance delivered a strong result after cleaning up some of the product lines. The balance of the financial services businesses delivered a reasonable result, boosted by bolt-on acquisitions to broaden the product offering.

Automotive

Bidvest Automotive delivered a disappointing result. Revenue grew by 2.1% but trading profit declined by R61.2 million to R602.1 million. New vehicles sold by McCarthy outpaced the industry but margins were under strain. Significant pressure in the luxury segment, in which McCarthy has a leading market share, and reduced parts activity was largely neutralised by good fleet business, solid activity in the volume brands and the benefit from closing non-performing dealers in the previous year. The used vehicle segment softened recently as aggressive new vehicle incentives pose a challenge. Bidvest Car Rental revenue, cost control and fleet management have been disappointing, resulting in a significant decline in trading profit. This business is currently being reviewed.

Electrical

Considering the challenging conditions in the building and construction industry and the severe downturn that the larger construction companies are experiencing, Electrical performed commendably. Project-type businesses were depressed as key programmes stalled. Revenue was broadly flat while trading profit contracted by 14.3%. Voltex held its own while further entrenching its position as the pre-eminent electrical distributor in South Africa. Voltex MV LV and Cabstrut delivered strong results while Solid State Power, Electech and the lighting businesses had a slow year. Initiatives to improve efficiencies and consolidate the solution activities should deliver benefits for the division. The very significant Waco relocation to a state of the art facility will bring many additional efficiencies and strategic value to this critical business in our supply chain. Management remains steadfast in its vision to broaden Bidvest's electrical offering into niche markets which will add value going forward.

Other investments

Bidvest Namibia (52% share)

Namibia delivered a disappointing result with revenue and trading profit 10.9% and 12.9% lower, respectively. Bidfish recorded an operating loss on a reduction in volumes, poor size mixes, a significant decline in prices, increased taxes and levies as well as forex losses. The disposal of various parts of the business cloud this year's result. The food distribution business performed poorly amidst a complete business shakeup and Automotive trading profit declined sharply as the vehicle market contracted 14%. Freight and Logistics activities delivered a good result while Industrial and Commercial Products and Services held their own. The trading conditions are not expected to ease in the short term. The bulk of the corporate action in Fishing is now complete.

Message to **shareholders** continued

Bidvest Corporate

Bidvest Properties performed well with an 11.0% increase in trading profit. A negative mark-to-market adjustment in Bidcorp, no change to the Mumbai International Airport Limited USD valuation (refer to Fair value of financial instruments on page 17 for further detail) and good improvement in the UK businesses of Mansfield and Ontime impacted the result. The weaker Rand against the major currencies also played a role.

Directorate

Ms Renosi Denise Mokate and Mr Norman William Thomson joined the board on 1 May 2018 as non-executive directors. Mr Mark John Steyn was appointed Chief Financial Officer effective 1 March 2018 and joined the board as an executive director.

Ms Xoliswa Makasi joined Bidvest as group company secretary effective 1 July 2018, replacing Ms Ilze Roux, who was acting in this role.

For and on behalf of the board

CWL Phalatse

Chairman

Johannesburg
31 August 2018

LP Ralphs

Chief executive

Dividend declaration

In line with the Group dividend policy, the directors have declared a final gross cash dividend of 301 cents (240.8000 cents net of dividend withholding tax, where applicable) per ordinary share for the year ended 30 June 2018 to those members registered on the record date, being Friday, 21 September 2018. This brings the total dividend for the year to 556 cents per share (2017: 491 cents).

The dividend has been declared from income reserves. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

Share code:	BVT
ISIN:	ZAE000117321
Company registration number:	1946/021180/06
Company tax reference number:	9550162714
Gross cash dividend amount per share:	301.0
Net dividend amount per share:	240.8000
Issued shares at declaration date:	337 463 035
Declaration date:	Monday, 3 September 2018
Last day to trade <i>cum</i> dividend:	Tuesday, 18 September 2018
First day to trade <i>ex</i> -dividend:	Wednesday, 19 September 2018
Record date	Friday, 21 September 2018
Payment date	Tuesday, 25 September 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 19 September 2018, and Friday, 21 September 2018, both days inclusive.

For and on behalf of the board

Xoliswa Makasi

Company Secretary



Summarised consolidated income statement

for the year ended 30 June 2018

R'000	2018 Audited	2017 Audited	% Change
Revenue	76 963 472	70 998 001	8.4
Cost of revenue	(54 716 818)	(50 342 325)	8.7
Gross profit	22 246 654	20 655 676	7.7
Operating expenses	(16 199 932)	(15 131 637)	7.1
Other income	319 558	282 122	
Trading result	6 366 280	5 806 161	9.6
Income from investments	142 795	210 776	
Trading profit	6 509 075	6 016 937	8.2
Share-based payment expense	(154 986)	(143 145)	
Acquisition costs and customer contracts amortisation	(82 901)	(24 230)	
Net capital items [#]	(351 977)	1 027 588	
Operating profit	5 919 211	6 877 150	(13.9)
Net finance charges	(1 020 730)	(1 059 560)	(3.7)
Finance income	158 709	232 069	
Finance charges	(1 179 439)	(1 291 629)	
Share of profit of associates	423 729	379 231	11.7
Current year earnings	431 857	354 966	21.7
Net capital items [#]	(8 128)	24 265	
Profit before taxation	5 322 210	6 196 821	(14.1)
Taxation	(1 436 597)	(1 328 232)	8.2
Profit for the year	3 885 613	4 868 589	
Attributable to:			
Shareholders of the Company	3 817 996	4 769 940	(20.0)
Non-controlling interest	67 617	98 649	(31.5)
	3 885 613	4 868 589	(20.2)
Basic earnings per share (cents)	1 137.3	1 430.3	(20.5)
Diluted basic earnings per share (cents)	1 132.4	1 423.4	(20.4)
Supplementary information			
Normalised headline earnings per share* (cents)	1 254.9	1 115.4	12.5
Headline earnings per share (cents)	1 231.6	1 108.2	11.1
Diluted headline earnings per share (cents)	1 226.3	1 102.9	11.2
Shares in issue			
Total ('000)	336 766	335 094	
Weighted ('000)	335 718	333 497	
Diluted weighted ('000)	337 161	335 098	
Dividends per share (cents)	556.0	491.0	13.2
Interim (cents)	255.0	227.0	12.3
Final (cents)	301.0	264.0	14.0

* Normalised headline earnings per share excludes acquisition cost and amortisation of acquired customer contracts.

Refer to the headline earnings calculation for additional detail.

Summarised consolidated **income statement** continued

for the year ended 30 June 2018

R'000	2018 Audited	2017 Audited	% Change
Supplementary information continued			
Headline earnings			
The following adjustments to profit attributable to shareholders were taken into account in the calculation of headline earnings:			
Profit attributable to shareholders of the Company	3 817 996	4 769 940	(20.0)
Impairment/(reversal) of property, plant and equipment; goodwill and intangible assets	12 840	(1 403)	
Property, plant and equipment [†]	3 311	(1 147)	
Goodwill [†]	15 258	–	
Intangible assets [†]	1 115	–	
Taxation effect	–	158	
Non-controlling interest	(6 844)	(414)	
Net loss on disposal of interests in subsidiaries and disposal and closure of businesses	155 828	50 874	
Loss on disposal and closure [†]	188 635	65 311	
Impairment of disposal groups held for sale [†]	39 323	–	
Taxation effect	(37 407)	(14 437)	
Non-controlling interest	(34 723)	–	
Net loss/(gain) on disposal and remeasurement to recoverable fair value of associates	234 338	(1 080 926)	
Remeasurement to recoverable fair value of associate [†]	248 709	(1 144 633)	
Net (gain)/loss on change in shareholding in associates [†]	(2 981)	82 072	
Taxation effect	–	(18 365)	
Non-controlling interest	(11 390)	–	
Net gain on disposal of property, plant and equipment and intangible assets	(24 185)	(7 114)	
Property, plant and equipment [†]	(39 796)	(8 446)	
Intangible assets [†]	(15 895)	(9 371)	
Taxation effect	1 400	2 909	
Non-controlling interest	30 106	7 794	
Compensation received on loss or impairment of property plant and equipment	(70 263)	–	
Compensation received [†]	(85 702)	–	
Taxation effect	15 439	–	
Gain on bargain purchase [†]	–	(11 374)	
Non-headline items included in equity accounted earnings of associated companies	8 128	(24 265)	
Headline earnings	4 134 682	3 695 732	11.9

[†] Items above included as capital items on summarised consolidated income statement.

Summarised consolidated **income statement** continued

for the year ended 30 June 2018

Supplementary information continued

Normalised headline earnings per share

Normalised headline earnings per share is a measurement used by the chief operating decision maker. The calculation of normalised headline earnings per share excludes acquisition costs and amortisation of acquired customer contracts and is based on the normalised headline profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year. The presentation of normalised headline earnings is not an IFRS requirement.

R'000	2018 Audited	2017 Audited
Headline earnings	4 134 682	3 695 732
Acquisition costs	50 190	24 230
Amortisation of customer contracts	32 711	–
Taxation effect	(4 522)	–
Normalised headline earnings	4 213 061	3 719 962



Summarised consolidated statement of other comprehensive income

for the year ended 30 June 2018

R'000	2018 Audited	2017 Audited
Profit for the year	3 885 613	4 868 589
Other comprehensive expense net of taxation		
<i>Items that may be reclassified subsequently to profit or loss</i>	(41 894)	(134 297)
Decrease in foreign currency translation reserve		
Exchange differences arising during the year	(31 331)	(117 787)
(Decrease)/increase in fair value of available-for-sale financial assets	(3 111)	2 527
Decrease in fair value of cash flow hedges	(7 452)	(19 037)
Fair value loss arising during the year	(10 350)	(26 440)
Taxation effect for the year	2 898	7 403
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Defined benefit obligations	2 031	7 394
Net remeasurment of defined benefit obligations during the year	2 920	10 278
Taxation effect for the year	(889)	(2 884)
Total comprehensive income for the year	3 845 750	4 741 686
Attributable to:		
Shareholders of the Company	3 785 885	4 654 904
Non-controlling interest	59 865	86 782
	3 845 750	4 741 686



Summarised consolidated statement of cash flows

for the year ended 30 June 2018

R'000	2018 Audited	2017 Audited
Cash flows from operating activities	4 968 427	2 816 458
Operating profit	5 919 211	6 877 150
Dividends from associates	206 725	114 494
Acquisition costs	50 190	24 230
Depreciation and amortisation	1 680 638	1 641 568
Remeasurement to recoverable fair value of associates	248 709	(1 144 633)
Other cash and non-cash items	(261 045)	(265 154)
Cash generated by operations before changes in working capital	7 844 428	7 247 655
Changes in working capital	1 523 258	(367 886)
Cash generated by operations	9 367 686	6 879 769
Net finance charges paid	(1 038 799)	(1 030 415)
Taxation paid	(1 297 155)	(1 373 927)
Dividends paid by the Company	(1 740 197)	(1 529 585)
Dividends paid by subsidiaries	(323 108)	(129 384)
– Non-controlling shareholders	(319 984)	(129 384)
– Put-call option holders	(3 124)	–
Cash effects of investment activities	(5 872 506)	(1 621 011)
Net disposals of vehicle rental fleet	73 245	107 399
Net additions to property, plant and equipment	(2 204 353)	(1 895 257)
Net additions to intangible assets	(102 044)	(141 066)
Acquisition of subsidiaries, businesses, associates and investments	(3 704 932)	(669 803)
Disposal of subsidiaries, businesses, associates and investments	65 578	977 716
Cash effects of financing activities	671 239	(21 223)
Proceeds from shares issued (net of costs)	418 028	–
Disposal of treasury shares	–	274 229
Borrowings raised	3 669 023	2 902 588
Borrowings repaid	(3 415 812)	(3 198 040)
Net (decrease)/increase in cash and cash equivalents	(232 840)	1 174 224
Net cash and cash equivalents at the beginning of the year	3 886 417	2 706 226
Net cash and cash equivalents arising on consolidation of the Bidvest Education Trust	23 094	–
Net cash and cash equivalents of disposal groups held for sale	(122 651)	–
Exchange rate adjustment	(39 622)	5 967
Net cash and cash equivalents at end of the year	3 514 398	3 886 417
Net cash and cash equivalents comprise:		
Cash and cash equivalents	6 168 293	5 132 550
Bank overdrafts included in short-term portion of interest-bearing borrowings	(2 653 895)	(1 246 133)
	3 514 398	3 886 417



Summarised consolidated statement of financial position

for the year ended 30 June 2018

R'000	2018 Audited	2017 Audited
ASSETS		
Non-current assets	28 950 541	25 323 700
Property, plant and equipment	11 173 458	10 474 205
Intangible assets	3 367 806	1 667 710
Goodwill	4 447 769	3 167 700
Deferred taxation assets	761 368	728 913
Defined benefit pension surplus	224 577	202 886
Interest in associates	5 342 027	5 375 328
Life assurance fund	21 324	–
Investments	2 802 905	2 843 132
Banking and other advances	809 307	863 826
Current assets	29 131 418	26 067 498
Vehicle rental fleet	1 205 591	992 942
Inventories	8 515 551	8 595 692
Short-term portion of banking and other advances	1 082 937	1 026 974
Trade and other receivables	12 033 937	10 136 307
Taxation	125 109	183 033
Cash and cash equivalents	6 168 293	5 132 550
Disposal group assets held for sale	253 919	–
Total assets	58 335 878	51 391 198
EQUITY AND LIABILITIES		
Capital and reserves	24 980 709	23 044 323
Attributable to shareholders of the Company	23 957 082	21 697 305
Non-controlling interest	1 023 627	1 347 018
Non-current liabilities	8 899 765	7 165 102
Deferred taxation liabilities	1 209 549	1 014 705
Life assurance fund	10 545	311 355
Long-term portion of borrowings	7 122 485	5 408 072
Post-retirement obligations	76 943	77 197
Puttable non-controlling interest liabilities	90 530	60 990
Long-term portion of provisions	248 633	149 907
Long-term portion of operating lease liabilities	141 080	142 876
Current liabilities	24 423 619	21 181 773
Trade and other payables	12 983 511	11 033 424
Short-term portion of provisions	281 532	278 582
Vendors for acquisition	22 708	39 523
Taxation	168 844	109 771
Amounts owed to bank depositors	5 621 142	4 412 104
Short-term portion of borrowings	5 345 882	5 308 369
Disposal group liabilities held for sale	31 785	–
Total equity and liabilities	58 335 878	51 391 198
Supplementary information		
Net tangible asset value per share (cents)	4 793	5 032
Net asset value per share (cents)	7 114	6 475



Summarised consolidated statement of changes in equity

for the year ended 30 June 2018

R'000	2018 Audited	2017 Audited
Equity attributable to shareholders of the Company	23 957 082	21 697 305
Share capital	16 873	16 770
Balance at beginning of the year	16 770	16 770
Shares issued during the year	103	–
Share premium	797 717	379 792
Balance at beginning of the year	379 792	379 792
Shares issued during the year	418 505	–
Share issue costs	(580)	–
Foreign currency translation reserve	262 787	286 628
Balance at beginning of the year	286 628	393 429
Movement during the year	(23 168)	(105 885)
Realisation of reserve on disposal of subsidiaries and or associates	(673)	(916)
Hedging reserve	(963)	6 489
Balance at beginning of the year	6 489	25 526
Fair value losses arising during the year	(10 350)	(26 440)
Deferred tax recognised directly in reserve	2 898	7 403
Equity-settled share-based payment reserve	(243 388)	(14 787)
Balance at beginning of the year	(14 787)	67 002
Arising during the year	155 637	143 712
Deferred tax recognised directly in reserve	36 540	81 779
Utilisation during the year	(419 756)	(307 280)
Realisation of reserve on disposal of subsidiaries and or associates	(1 022)	–
Movement in retained earnings	22 486 993	20 279 261
Balance at the beginning of the year	20 279 261	17 108 032
Attributable profit	3 817 996	4 769 940
Change in fair value of available-for-sale financial assets	(3 111)	2 527
Net remeasurment of defined benefit obligations during the year	1 620	7 359
Retained earnings arising on consolidation of the Bidvest Education Trust	222 155	–
Transfer of reserves as a result of changes in shareholding of subsidiaries and other transactions with subsidiaries	(85 706)	(118 000)
Taxation direct in equity arising from transactions with subsidiaries	–	47 664
Remeasurement of put option liability	(5 025)	(8 676)
Net dividends paid	(1 740 197)	(1 529 585)
Treasury shares	637 063	743 152
Balance at the beginning of the year	743 152	468 923
Treasury shares arising on consolidation of the Bidvest Education Trust	(106 089)	–
Shares disposed of in terms of share incentive scheme	–	274 229
Equity attributable to non-controlling interests of the Company	1 023 627	1 347 018
Balance at beginning of the year	1 347 018	1 286 606
Other comprehensive income	59 865	86 782
Attributable profit	67 617	98 649
Movement in foreign currency translation reserve	(8 163)	(11 902)
Net remeasurment of defined benefit obligations during the year	411	35
Dividends paid	(319 984)	(129 384)
Movement in equity-settled share-based payment reserve	(651)	(567)
Changes in shareholding	(125 405)	(14 419)
Grant of put options to non-controlling interests	(22 922)	–
Transfer of reserves as a result of changes in shareholding of subsidiaries	85 706	118 000
Total equity	24 980 709	23 044 323

Summarised segmental analysis

for the year ended 30 June 2018

R'000	2018 Audited	2017 Audited	% Change
Segmental revenue			
Trading operations	75 866 401	69 679 523	8.9
Services	18 968 423	13 138 496	44.4
Freight	5 713 055	4 986 641	14.6
Commercial Products	8 920 467	8 025 202	11.2
Office and Print	9 304 937	9 670 916	(3.8)
Financial Services	2 562 848	4 009 127	(36.1)
Automotive	24 701 500	24 182 054	2.1
Electrical	5 695 171	5 667 087	0.5
Namibia	3 381 027	3 794 668	(10.9)
Corporate	1 577 260	1 592 071	(0.9)
Properties	531 981	489 124	8.8
Corporate and investments	1 045 279	1 102 947	(5.2)
	80 824 688	75 066 262	7.7
Inter-group eliminations	(3 861 216)	(4 068 261)	
	76 963 472	70 998 001	8.4
Segmental trading profit			
Trading operations	6 241 094	5 632 476	10.8
Services	1 991 786	1 577 085	26.3
Freight	1 303 807	1 070 257	21.8
Commercial Products	710 492	688 571	3.2
Office and Print	700 748	657 692	6.5
Financial Services	631 868	625 303	1.0
Automotive	602 136	663 395	(9.2)
Electrical	300 257	350 173	(14.3)
Namibia	75 281	86 470	(12.9)
Corporate	192 700	297 991	(35.3)
Properties	475 639	428 566	11.0
Corporate and investments	(282 939)	(130 575)	(116.7)
	6 509 075	6 016 937	8.2

Summarised **segmental analysis** continued

for the year ended 30 June 2018

R'000	2018 Audited	2017 Audited	% Change
Segmental operating assets			
Trading operations	31 639 003	29 122 500	8.6
Services	5 209 904	4 030 779	29.3
Freight	5 551 181	4 645 695	19.5
Commercial Products	3 762 876	3 551 648	5.9
Office and Print	3 199 313	3 323 661	(3.7)
Financial Services	5 502 744	5 563 759	(1.1)
Automotive	5 783 899	5 339 287	8.3
Electrical	2 629 086	2 667 671	(1.4)
Namibia	1 843 265	2 015 270	(8.5)
Corporate	10 420 119	10 125 882	2.9
Properties	2 801 996	2 476 202	13.2
Corporate and investments	7 618 123	7 649 680	(0.4)
	43 902 387	41 263 652	6.4
Inter-group eliminations	(690 773)	(752 360)	
	43 211 614	40 511 292	6.7
Segmental operating liabilities			
Trading operations	19 010 833	16 308 453	16.6
Services	3 060 388	2 182 786	40.2
Freight	3 118 671	2 556 096	22.0
Commercial Products	1 296 969	1 250 266	3.7
Office and Print	1 535 893	1 472 161	4.3
Financial Services	6 766 924	5 798 434	16.7
Automotive	2 317 409	2 022 061	14.6
Electrical	914 579	1 026 649	(10.9)
Namibia	526 100	448 478	17.3
Corporate	517 226	400 874	29.0
Properties	26 402	8 900	196.7
Corporate and investments	490 824	391 974	25.2
	20 054 159	17 157 805	16.9
Inter-group eliminations	(690 773)	(752 360)	
	19 363 386	16 405 445	18.0



Basis of presentation of summarised consolidated financial statements

These summarised provisional financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and includes, at a minimum disclosure as required by IAS 34 Interim Financial Reporting, the Companies Act of South Africa and the JSE Listing Requirements. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding to the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2017.

In preparing the consolidated financial statements from which these summarised provisional consolidated financial statements are prepared, directors make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by directors in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2018.

Significant accounting policies

The accounting policies applied in these summarised consolidated financial statements in terms of IFRS and are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2017.

Commitments

At the reporting date the Group's total capital expenditure commitments amounted to R1 664 million (2017: R1 995 million). Bidvest Freight has commenced the development of an LPG tank farm in the port of Richards Bay, to 30 June 2018, R201 million has been spent with an additional R736 million committed to the project, the estimated completion date is July 2020. Bidvest Properties and Bidvest Bank are parties to the development of a property in the Sandton CBD and have a combined commitment of R250 million. Bidvest Properties has committed R138 million to build a fit-for-purpose warehouse for Bidvest Panalpina Logistics in Mobeni, KwaZulu-Natal.

Fair value of financial instruments

The Group's investments of R2 803 million (2017: R2 843 million) include R32 million (2017: R62 million) recorded at cost, R1 714 million (2017: R1 785 million) recorded and measured at fair values using quoted prices (level 1) and R1 057 million (2017: R996 million) recorded and measured at fair value using factors not based on observable data (level 3). Fair value gains on level 3 investments recognised in the income statement total R57 million (2017: R95 million).

Basis of presentation of summarised consolidated financial statements continued

Analysis of investments at a fair value not determined by observable market data

R'000	Year ended 30 June 2018 Audited	Year ended 30 June 2017 Audited
Balance at the beginning of year	995 961	935 017
On acquisition of business	–	39 087
On disposal of business	–	(6 087)
Purchases, loan advances or transfers from other categories	5 434	5 700
Fair value adjustment arising during the year recognised in the income statement	56 559	95 326
Proceeds on disposal, repayment of loans or transfers to other categories	–	(72 679)
Exchange rate adjustments	(966)	(403)
	1 056 988	995 961

The Group's effective beneficial interest in the Indian-based Mumbai International Airport Private Limited (MIAL) is included in unlisted investments held for trade, where the fair value is not based on observable market data (level 3). The carrying value of this investment at 30 June 2018, based on the directors' valuation of 30 June 2018, is R988 million (US\$72 million) (2017: R940 million (US\$72 million)). The valuation of MIAL is fair value less cost to sell. The calculation used the pleasing underlying performance of MIAL (EBITDA +13% for the year to March 2018), takes consideration of the illiquid nature of the asset and applies a discount to the median peer group multiple, which is in a range of 12.5 and 14.1x EBITDA. A 1% change in the multiple or EBITDA will result in US\$1.4 million change in the value.

During August 2018, the Group launched a public process to dispose of the stake.

MIAL is a foreign based asset and the ruling year end exchange rate, US\$1 = R13.72 (2017: US\$1 = R13.06), is a further factor that affects the carrying value.

The carrying values of all financial assets and liabilities approximate their fair values, with the exception of borrowings of R12 477 million whose carrying value is R12 468 million.

Acquisition and disposal of businesses, subsidiaries, associates and investments

Acquisitions

The Group acquired 100% of the share capital and voting rights of Noonan Topco Limited (UK), holding company of the Noonan Services Group (Noonan) with effect from 1 September 2017. Noonan, which is based and operates throughout the Republic of Ireland and in the United Kingdom, has a clear leadership position and a 40-year track record of delivering high-quality integrated facility management services and solutions. Its services include soft, technical and ancillary services and range from cleaning and security to building services and facilities management. The board believes that Noonan's business model and geographic presence will be complementary to Bidvest's Service division. The purchase price was funded by way of a three-year euro denominated offshore credit facility at an attractive variable interest rate.

Basis of presentation of summarised consolidated financial statements continued

Effective 1 October 2017, the Group acquired 100% of the share capital and voting rights of Ultimate Security Services Limited (USS). USS, a building security company operating primarily in London (United Kingdom), provides building security risk management solutions, “front of house” security management, reception services and mail-room handling services to more than 240 of London’s most prestigious and iconic locations. USS was founded in 1999 and currently has a staff complement of 2 100 experienced security officers. The acquisition enhances the service offerings provided by Noonan. The purchase price was funded by way of existing euro denominated offshore credit facility.

The Group also made a number of less significant acquisitions during the year. These acquisitions were funded from existing cash resources.

The following table summarises the assets acquired and liabilities assumed at fair value which have been included in these results from the respective acquisition dates. These values represent the final at acquisition fair values consolidated by the Group.

R'000	Noonan Services	Ultimate Security Services	Other acquisitions	Total acquisitions
Property, plant and equipment	110 555	8 911	18 565	138 031
Deferred taxation	(185 673)	–	(38 576)	(224 249)
Interest in associates	–	–	35 221	35 221
Investments and advances	–	–	431 933	431 933
Inventories	2 134	–	54 184	56 318
Trade and other receivables	845 610	233 777	86 236	1 165 623
Cash and cash equivalents	84 583	4 523	37 963	127 069
Borrowings	(33 537)	–	(1 429)	(34 966)
Trade and other payables and provisions	(649 430)	(233 320)	(64 542)	(947 292)
Taxation	13 032	(6 372)	(911)	5 749
Intangible assets	1 573 116	–	93 663	1 666 779
	1 760 390	7 519	652 307	2 420 216
Non-controlling interest	–	–	27 487	27 487
Goodwill	890 478	369 050	80 687	1 340 215
Net assets acquired	2 650 868	376 569	760 481	3 787 918
<i>Settled as follows:</i>				
Cash and cash equivalents acquired				(127 069)
Acquisition costs				50 190
Transfer to non-controlling interest put option				(22 922)
Net change in vendors for acquisition				16 815
Net acquisition of businesses, subsidiaries, associates and investments				3 704 932

Goodwill arose on the acquisitions as the anticipated value of future cash flows that were taken into account in determining the purchase consideration exceeded the net assets acquired at fair value. The acquisitions have enabled the Group to expand its range of complementary products and services and, as a consequence, has broadened the Group’s base and geographic reach in the marketplace.

With effect from 1 February 2018 the USS acquisition was integrated into Noonan Services. The combined acquisitions of Noonan and USS contributed R5 241 million to revenue and R284 million to operating profit.

Basis of presentation of summarised consolidated financial statements continued

Had the Noonan and USS acquisitions taken place 1 July 2017, the contribution to revenue would have been R5 771 million and R293 million to operating profit. Other smaller acquisitions contributed R613 million to revenue and R22 million to operating profit, had these other smaller acquisitions taken place 1 July 2017, the revenue contribution would have been R707 million and operating profit R27 million.

Disposals

Effective 30 June 2018, the Group disposed of its entire interest in Bidvest Namibia Fisheries Holdings Proprietary Limited (Bidfish) to Tunacor Fisheries Limited. Bidfish was a 100% held subsidiary of Bidvest Namibia Limited (Bidvest Namibia). Bidvest Namibia disposed of the Bidfish shares to Tunacor for a cash consideration equal to the net asset value of Bidfish as at 30 June 2018.

R'000	Bidfish	Other disposals	Total disposals
Property, plant and equipment	(193 288)	(19 761)	(213 049)
Deferred taxation	62 116	35 673	97 789
Interest in associates	(16 965)	(680)	(17 645)
Investments and advances	(2 561)	(390 193)	(392 754)
Inventories	(66 510)	(9 447)	(75 957)
Trade and other receivables	(125 081)	(156 368)	(281 449)
Cash and cash equivalents	(317 700)	(13 712)	(331 412)
Borrowings	–	18 421	18 421
Trade and other payables and provisions	378 778	568	379 346
Taxation	3 096	55	3 151
Intangible assets	–	(86)	(86)
	(278 115)	(535 530)	(813 645)
Non-controlling interest	87 375	33 465	120 840
Realisation of foreign currency translation reserve	–	673	673
Realisation of share-based payment reserve	1 022	–	1 022
Goodwill	(4 628)	(40 240)	(44 868)
Net assets disposed of	(194 346)	(541 632)	(735 978)
<i>Settled as follows:</i>			
Cash and cash equivalents disposed of			331 412
Net loss on disposal of operations			148 247
Receivable arising on disposal of subsidiaries and associates			190 741
Net proceeds on disposal of businesses, subsidiaries, associates and investments			(65 578)

Disposal group held for sale

Bidvest Namibia has identified a purchaser and agreed terms for the disposal group, Comet Investments Capital Inc. (Comet), a company incorporated in the Peoples Republic of Angola. Bidvest Namibia has a 69.55% interest in Comet, which in turn owns 49.0% of Pesca Fresca Limitada, an Angolan fishing company with a strong focus on sardinella fishing.

Basis of presentation of **summarised consolidated financial statements** continued

Subsequent events

Subsequent to year-end R1 billion of the cumulative redeemable preference share funding included in Long-term portion of borrowings, with a maturity date of 11 September 2019, was settled using existing facilities.

During August 2018 the Group initiated a formal process to dispose of its 6.75% equity investment in MIAL.

Audit report

The auditors, Deloitte & Touche, have issued their opinion on the consolidated financial statements for the year ended 30 June 2018. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified opinion. A copy of the auditor's report together with a copy of the audited consolidated financial statements are available for inspection at the Company's registered office.

These summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent in all material respects with the consolidated financial statements. These summarised provisional consolidated financial statements have been audited by the Company's auditors who have issued an unmodified opinion, which is available for inspection at the registered office. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are advised, that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from the Company's registered office. Any reference to future financial information included in this announcement has not been reviewed or reported on by the auditors.

Preparer of the summarised consolidated financial statements

The consolidated financial statements and provisional summarised consolidated financial statements have been prepared under the supervision of the Chief Financial Officer, MJ Steyn BCom CA (SA), and were approved by the board of directors on 31 August 2018.



Bidvest

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